

## PRACTICE QUIZ

### Chapter 12 TEST B

Name	ANSWER KEY	Perfect Score	Your Score
	Defining Accounting Terms	12 Pts.	
	Identifying Payroll Concepts and Practices	12 Pts.	
	Preparing a Semimonthly Payroll	112 Pts.	
	Analyzing Payroll Concepts and Practices	9 Pts.	
	<b>Total</b>	<b>145 Pts.</b>	

### Part One—Defining Accounting Terms

**Directions:** Select the one term in Column I that best fits each definition in Column II. Print the letter identifying your choice in the Answers column.

Column I	Column II	Answers
A. 401(k)	1. A qualified retirement plan approved by the Internal Revenue Service.	1. <u>H</u>
B. commission	2. A federal tax paid for hospital insurance.	2. <u>F</u>
C. direct deposit	3. A method of paying an employee based on the amount of sales the employee generates.	3. <u>B</u>
D. electronic funds transfer	4. A federal tax paid for old-age, survivors, and disability insurance.	4. <u>J</u>
E. individual retirement account	5. A qualified retirement plan that provides most individuals with a deferred federal income tax benefit.	5. <u>E</u>
F. Medicare tax	6. A qualified retirement plan sponsored by an employer.	6. <u>A</u>
G. net pay	7. The maximum amount of gross earnings on which a tax is calculated.	7. <u>K</u>
H. qualified retirement plan	8. The payment of an employee's net pay using electronic funds transfer.	8. <u>C</u>
I. Roth individual retirement account	9. A qualified retirement plan that allows tax-free withdrawals from the account.	9. <u>I</u>
J. social security tax	10. A computerized cash payments system that transfers funds without the use of checks, currency, or other paper documents.	10. <u>D</u>
K. tax base	11. A deduction from total earnings for each person legally supported by a taxpayer, including the employee.	11. <u>L</u>
L. withholding allowance	12. The total earnings paid to an employee after payroll taxes and other deductions.	12. <u>G</u>

**SINGLE Persons—SEMIMONTHLY Payroll Period**  
(For Wages Paid Through December 20--)

And the wages are —		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
The amount of income tax to be withheld is—												
1000	1020	105	82	59	36	15	0	0	0	0	0	0
1020	1040	108	85	62	39	17	2	0	0	0	0	0
1040	1060	111	88	65	42	19	4	0	0	0	0	0
1060	1080	114	91	68	45	22	6	0	0	0	0	0
1080	1100	117	94	71	48	25	8	0	0	0	0	0
1100	1120	120	97	74	51	28	10	0	0	0	0	0
1120	1140	123	100	77	54	31	12	0	0	0	0	0
1140	1160	126	103	80	57	34	14	0	0	0	0	0
1160	1180	129	106	83	60	37	16	1	0	0	0	0
1180	1200	132	109	86	63	40	18	3	0	0	0	0
1200	1220	135	112	89	66	43	21	5	0	0	0	0
1220	1240	138	115	92	69	46	24	7	0	0	0	0
1240	1260	141	118	95	72	49	27	9	0	0	0	0
1260	1280	144	121	98	75	52	30	11	0	0	0	0
1280	1300	147	124	101	78	55	33	13	0	0	0	0
1300	1320	150	127	104	81	58	36	15	0	0	0	0
1320	1340	153	130	107	84	61	39	17	1	0	0	0
1340	1360	156	133	110	87	64	42	19	3	0	0	0
1360	1380	159	136	113	90	67	45	22	5	0	0	0
1380	1400	162	139	116	93	70	48	25	7	0	0	0
1400	1420	165	142	119	96	73	51	28	9	0	0	0
1420	1440	168	145	122	99	76	54	31	11	0	0	0
1440	1460	171	148	125	102	79	57	34	13	0	0	0
1460	1480	174	151	128	105	82	60	37	15	0	0	0
1480	1500	177	154	131	108	85	63	40	17	2	0	0
1500	1520	180	157	134	111	88	66	43	20	4	0	0
1520	1540	185	160	137	114	91	69	46	23	6	0	0
1540	1560	190	163	140	117	94	72	49	26	8	0	0
1560	1580	195	166	143	120	97	75	52	29	10	0	0
1580	1600	200	169	146	123	100	78	55	32	12	0	0
1600	1620	205	172	149	126	103	81	58	35	14	0	0
1620	1640	210	175	152	129	106	84	61	38	16	1	0
1640	1660	215	178	155	132	109	87	64	41	18	3	0
1660	1680	220	182	158	135	112	90	67	44	21	5	0
1680	1700	225	187	161	138	115	93	70	47	24	7	0

**MARRIED Persons—SEMIMONTHLY Payroll Period**  
(For Wages Paid Through December 20--)

And the wages are —		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
The amount of income tax to be withheld is—												
1060	1080	52	35	19	4	0	0	0	0	0	0	0
1080	1100	55	37	21	6	0	0	0	0	0	0	0
1100	1120	58	39	23	8	0	0	0	0	0	0	0
1120	1140	61	41	25	10	0	0	0	0	0	0	0
1140	1160	64	43	27	12	0	0	0	0	0	0	0
1160	1180	67	45	29	14	0	0	0	0	0	0	0
1180	1200	70	47	31	16	1	0	0	0	0	0	0
1200	1220	73	50	33	18	3	0	0	0	0	0	0
1220	1240	76	53	35	20	5	0	0	0	0	0	0
1240	1260	79	56	37	22	7	0	0	0	0	0	0
1260	1280	82	59	39	24	9	0	0	0	0	0	0
1280	1300	85	62	41	26	11	0	0	0	0	0	0
1300	1320	88	65	43	28	13	0	0	0	0	0	0
1320	1340	91	68	46	30	15	0	0	0	0	0	0
1340	1360	94	71	49	32	17	2	0	0	0	0	0
1360	1380	97	74	52	34	19	4	0	0	0	0	0
1380	1400	100	77	55	36	21	6	0	0	0	0	0
1400	1420	103	80	58	38	23	8	0	0	0	0	0
1420	1440	106	83	61	40	25	10	0	0	0	0	0
1440	1460	109	86	64	42	27	12	0	0	0	0	0
1460	1480	112	89	67	44	29	14	0	0	0	0	0
1480	1500	115	92	70	47	31	16	0	0	0	0	0
1500	1520	118	95	73	50	33	18	2	0	0	0	0
1520	1540	121	98	76	53	35	20	4	0	0	0	0
1540	1560	124	101	79	56	37	22	6	0	0	0	0
1560	1580	127	104	82	59	39	24	8	0	0	0	0
1580	1600	130	107	85	62	41	26	10	0	0	0	0
1600	1620	133	110	88	65	43	28	12	0	0	0	0
1620	1640	136	113	91	68	45	30	14	0	0	0	0
1640	1660	139	116	94	71	48	32	16	1	0	0	0

Name \_\_\_\_\_

## ***Part Two—Identifying Payroll Concepts and Practices***

**Directions:** Place a *T* for True or an *F* for False in the Answers column to show whether each of the following statements is true or false.

	<b>Answers</b>
1. When an employee's earnings exceed the tax base, no more social security tax is deducted.	1. <u>  <i>T</i>  </u>
2. The amount of income tax withheld from each employee's total earnings is determined solely from the number of withholding allowances.	2. <u>  <i>F</i>  </u>
3. A single person will have more income tax withheld than a married employee.	3. <u>  <i>T</i>  </u>
4. Social security tax is paid by both employees and employers.	4. <u>  <i>T</i>  </u>
5. Businesses use payroll records to inform employees of their annual earnings and to prepare payroll reports for the government.	5. <u>  <i>T</i>  </u>
6. Qualified retirement plans are approved by an act of Congress.	6. <u>  <i>F</i>  </u>
7. The first task in preparing a payroll is to determine the number of days worked by each employee.	7. <u>  <i>F</i>  </u>
8. The investment income in a Roth IRA is not subject to federal income taxes when withdrawn.	8. <u>  <i>T</i>  </u>
9. Payroll taxes withheld represent a liability for an employer until payment is made.	9. <u>  <i>T</i>  </u>
10. The larger the number of withholding allowances claimed, the larger the amount of income tax withheld.	10. <u>  <i>F</i>  </u>
11. A business is required by law to withhold certain payroll taxes from employee salaries.	11. <u>  <i>T</i>  </u>
12. Total earnings are sometimes referred to as <i>net pay</i> .	12. <u>  <i>F</i>  </u>

## Part Three—Preparing a Semimonthly Payroll

A time card from Stateline Tire's semimonthly pay period April 16–30 is shown to the right.

### Directions:

- Complete the time card. Overtime is paid for any employee who works more than 8 hours in one day. Arrival and departure times are rounded to the nearest quarter hour.
- Enter the regular and overtime hours for Mr. Black in the schedule below. For each employee, calculate the amount of regular, overtime, and total earnings. Overtime hours are paid at 1½ times the regular rate.
- Complete the payroll register on page 141. Use the income tax withholding tables on page 138 of this test to find the income tax withholding for each employee. Calculate the social security tax at 6.2% and the Medicare tax at 1.45%. None of the employee accumulated earnings has exceeded the social security tax base.
- Using the prior period pay stub, prepare the April 30 payroll check for Mr. Black. Sign your name as the manager of Stateline Tire. Record the payroll check number in the payroll register.
- Record the April 16–30 payroll information on Mr. Black's employee earnings record on page 143 of this test.

EMPLOYEE NO. <u>9</u>								
NAME <u>Black, Thomas C.</u>								
PAY PERIOD ENDED <u>April 30, 20--</u>								
Day	MORNING		AFTERNOON		EVENING		HOURS	
	IN	OUT	IN	OUT	IN	OUT	REG	OT
Fri 16	9 <sup>56</sup>	11 <sup>55</sup>	12 <sup>59</sup>	4 <sup>54</sup>			6	-
Mon 19	9 <sup>55</sup>	12 <sup>02</sup>	12 <sup>55</sup>	6 <sup>56</sup>	7 <sup>58</sup>	9 <sup>59</sup>	8	2
Tue 20	9 <sup>03</sup>	11 <sup>57</sup>	1 <sup>01</sup>	6 <sup>02</sup>			8	-
Wed 21	9 <sup>01</sup>	12 <sup>01</sup>	12 <sup>57</sup>	5 <sup>58</sup>			8	-
Thu 22	9 <sup>02</sup>	12 <sup>02</sup>	12 <sup>55</sup>	6 <sup>58</sup>			8	1
Fri 23	10 <sup>02</sup>	12 <sup>55</sup>	12 <sup>58</sup>	5 <sup>59</sup>	6 <sup>27</sup>	7 <sup>31</sup>	8	1
Mon 26	9 <sup>03</sup>	11 <sup>02</sup>	12 <sup>59</sup>	4 <sup>53</sup>			6	-
Tue 27	10 <sup>01</sup>	12 <sup>53</sup>	1 <sup>02</sup>	6 <sup>00</sup>	6 <sup>32</sup>	8 <sup>30</sup>	8	2
Wed 28	8 <sup>02</sup>	11 <sup>58</sup>	1 <sup>02</sup>	4 <sup>06</sup>			7	-
Thu 29	9 <sup>32</sup>	12 <sup>33</sup>	1 <sup>35</sup>	5 <sup>34</sup>			7	-
Fri 30	9 <sup>01</sup>	12 <sup>02</sup>	12 <sup>54</sup>	6 <sup>56</sup>			8	1
PERIOD TOTALS							82	7
APPROVED BY <u>TLC</u>								

POINTS

1

2

1

1

2

2

1

1

2

1

2

2

18

POINTS

4

3

3

3

13

Employee Number	Hours Worked		Regular Rate	Earnings		Total Earnings
	Regular	Overtime		Regular	Overtime	
9	82	7	\$14.00	<u>\$1,148.00</u>	<u>\$147.00</u>	<u>\$1,295.00</u>
12	84	6	12.00	<u>1,008.00</u>	<u>108.00</u>	<u>1,116.00</u>
14	72	5	15.00	<u>1,080.00</u>	<u>112.50</u>	<u>1,192.50</u>
18	80	4	13.00	<u>1,040.00</u>	<u>78.00</u>	<u>1,118.00</u>

Name \_\_\_\_\_

SEMI-MONTHLY PERIOD ENDED		April 30, 20--		PAYROLL REGISTER		April 30, 20--		DATE OF PAYMENT		April 30, 20--			
EMPL. NO.	EMPLOYEE'S NAME	MARRIAGE STATUS	NO. OF ALLOWANCES	EARNINGS		DEDUCTIONS				TOTAL	NET PAY	CHECK NO.	
				REGULAR	OVERTIME	FEDERAL INCOME TAX	SOC. SEC. TAX	MEDICARE TAX	HEALTH INSURANCE				RETIREMENT PLAN
1	9 Black, Thomas C.	S	3	1148.00	147.00	78.00	80.29	18.78	75.00	25.00	277.07	1017.93	385
2	12 Hart, Meredith L.	M	2	1008.00	108.00	23.00	69.19	16.18	60.00	50.00	218.37	897.63	2
3	14 Oliver, Sandy C.	S	2	1080.00	112.50	86.00	73.94	17.29	60.00	25.00	262.23	930.27	3
4	18 Rhodes, T. Edward	M	1	1040.00	78.00	39.00	69.32	16.21	45.00	40.00	209.53	908.47	4
5	Totals			4276.00	445.50	226.00	292.74	68.46	240.00	140.00	967.20	3754.30	5
6													6
7													7
8													8
9													9
10													10
11													11

POINTS 9 8 8 8 8 1 42

EMPLOYEE Thomas C. Black				DATE April 15, 20--		
TYPE	HOURS	RATE	GROSS PAY	DEDUCTIONS	CURRENT	YTD
Regular	85.50	14.00	1,197.00	Federal Income Tax	84.00	447.00
Overtime	6.00	21.00	126.00	Social Security Tax	82.03	518.20
				Medicare Tax	19.18	121.19
				Health Insurance	75.00	525.00
				Retirement	25.00	175.00
Current Total Earnings			1,323.00			
YTD Total Earnings			8,358.00	Totals	285.21	1,786.39

POINTS

EMPLOYEE Thomas C. Black				DATE April 30, 20--		
TYPE	HOURS	RATE	GROSS PAY	DEDUCTIONS	CURRENT	YTD
Regular	82.00	14.00	1,148.00	Federal Income Tax	78.00	525.00
Overtime	7.00	21.00	147.00	Social Security Tax	80.29	598.49
				Medicare Tax	18.78	139.97
				Health Insurance	75.00	600.00
				Retirement	25.00	200.00
Current Total Earnings			1,295.00			
YTD Total Earnings			9,653.00	Totals	277.07	2,063.46

2

2

5

5

2

2

1

3

PAYROLL  
ACCOUNT

April 30, 20--

72-159  
114

NO. 385

PAY TO THE  
ORDER OF

Thomas C. Black

\$ 1,017.93

One thousand seventeen and 93/100 Dollars

Dollars

FOR CLASSROOM USE ONLY

FIRST AMERICAN BANK

Villa Rica, GA 30180

Student's Name

⑆08184865⑆ 488151848⑈ 385

1

2

1

1

27

Name \_\_\_\_\_

POINTS 12 12

EARNINGS RECORD FOR QUARTER ENDED June 30, 20--

EMPLOYEE NO. 9 Black Thomas C. MARITAL STATUS S WITHHOLDING ALLOWANCES 3

LAST NAME FIRST MIDDLE INITIAL

RATE OF PAY \$14.00 PER HR. SOCIAL SECURITY NO. 992-15-1478 POSITION Warehouse Clerk

PAY PERIOD		EARNINGS				DEDUCTIONS				TOTAL	NET PAY	ACCUMULATED EARNINGS	
		REGULAR	OVERTIME	TOTAL	FEDERAL INCOME TAX	SOC. SEC. TAX	MEDICARE TAX	HEALTH INSURANCE	RETIREMENT PLAN				
1	4/15	1 197 00	1 26 00	1 323 00	84 00	82 03	19 18	75 00	25 00	285 21	1 037 79	7 035 00	
2	4/30	1 148 00	1 47 00	1 295 00	78 00	80 29	18 78	75 00	25 00	277 07	1 017 93	8 358 00	
3												9 653 00	
4													
7													
TOTALS													

## Part Four—Analyzing Payroll Concepts and Practices

**Directions:** For each of the following items, select the one choice that best completes the statement. Print the letter identifying your choice in the Answers column.

### Answers

- |   |                 |
|---|-----------------|
| 1. The withholding allowances of an employee affect<br>a. social security tax withheld.<br>b. federal income tax withheld.<br>c. federal unemployment tax owed.<br>d. state unemployment tax owed.  | 1. <u>  b  </u> |
| 2. The amount on the employee earnings record used to determine if certain payroll taxes apply to an employee's earnings is<br>a. net pay.<br>b. accumulated earnings.<br>c. gross earnings.<br>d. social security taxes.                       | 2. <u>  b  </u> |
| 3. The Accumulated Earnings column of the employee earnings record<br>a. shows net pay for the year.<br>b. is the total earnings since the first of the year.<br>c. shows net pay for one quarter.<br>d. is the gross earnings for one quarter. | 3. <u>  b  </u> |
| 4. Each employee name is listed in a payroll register along with<br>a. employee number.<br>b. marital status.<br>c. withholding allowances.<br>d. all of these.   | 4. <u>  d  </u> |
| 5. Individual payroll checks are usually written on a(n)<br>a. company's regular checking account.<br>b. separate payroll checking account.<br>c. special purposes account.<br>d. employee earnings account.                                    | 5. <u>  b  </u> |
| 6. Federal income tax is withheld from employee earnings<br>a. only in those states electing to do so.<br>b. in states without a state income tax.<br>c. only in states where a state income tax is levied.<br>d. in all 50 states.             | 6. <u>  d  </u> |
| 7. Employee regular earnings are calculated as<br>a. regular hours times regular rate.<br>b. total hours divided by regular rate.<br>c. total hours plus overtime rate.<br>d. overtime hours minus overtime rate.                               | 7. <u>  a  </u> |
| 8. A business form used to record details affecting payments made to an employee is a(n)<br>a. employee earnings record.<br>b. payroll journal.<br>c. employee accounts payable record.<br>d. tax withholding form.                             | 8. <u>  a  </u> |
| 9. The total earnings paid to an employee after payroll taxes and other deductions is recorded in the payroll register's<br>a. Gross Pay column.<br>b. Total Earnings column.<br>c. Net Pay column.<br>d. Total Deductions column.              | 9. <u>  c  </u> |